

From Entrepreneurial Career Choice to Graduate Entrepreneur: An Exploratory Study

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Abstract

This paper aims to study the graduates' entrepreneurial career choice and their actual labour market outcomes of being entrepreneur using a sample of 1,723 Malaysian graduates. Descriptive statistics, cross-tabulations, logit and tobit model are the methodology used in this paper. Results reveal around one third of the graduates choose entrepreneurship as their first choice career. Nevertheless, a handful of them became graduate entrepreneurs. Graduates who are more likely to be entrepreneur are: those with prior entrepreneur experiences, UMK graduates, male, married, father is entrepreneur, and choose entrepreneurship as first choice career. Moreover, graduates who choose entrepreneurship as their first choice career and with entrepreneurial family background have the shortest job search duration, either being entrepreneur or paid employees. Various policy implications are drawn and presented based on these findings.

Keywords: Graduate entrepreneur, entrepreneurial career choice, job search duration, logit model, tobit model.

1. Introduction

Malaysia has successfully transited its university education from elite to mass production since the liberalization of its higher education sector in the mid-1990s. As a consequence, the Malaysian labour force are flooded with graduates: the number of graduates in labour force increased from merely around 230,000 graduates in 1982 to more than two millions in 2010 (Labour Force Survey, 2011). The graduate unemployment problem, in particular among the fresh graduates, also increases substantially. According to Lim, Judith and Harris (2008), a degree scroll is no longer sufficient to obtain a job and the generic skills are needed as an added advantage to secure a job. Graduates also have been called to be job creators (graduate entrepreneur), instead of job seekers (Ministry of Education, 2015).

Graduate entrepreneur is one of the potential solutions to graduate unemployment problem and entrepreneur has been long regarded as one of the key elements to spur a country's economic growth and development (European Commission, 2002). For instance, Ronstadt (1990) has concluded that a country's competitiveness could be further enhanced by the presence of graduate entrepreneurs. Thus, it is not surprise at all, in Malaysia, graduate entrepreneur has been the focus in its policy agenda. A Critical Agenda Project (CAP) has been established for graduate entrepreneur development. This CAP ensures that the university students are exposed to entrepreneurial activities (Ministry of Higher Education, 2011). Various entrepreneurship programs, trainings and workshops are implemented in Malaysian higher education institutes. Moreover, a one-stop centre to empower entrepreneurs was established and known as the Malaysian Global Innovation and Creativity Centre ("Budget 2014: Entrepreneur", 2013).

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Despite the extensive efforts in cultivating the graduate entrepreneur, the number of graduates who become entrepreneur is not encouraging. In 2010, it is reported that there is only around 5% of graduates become entrepreneur ((Ministry of Higher Education, 2011). In terms of intention to be entrepreneur, according to the report of Global Entrepreneur Monitor 2015, among Malaysians who are in aged of 18-64 years, there are around half of them agreed that entrepreneurship is a good career choice. However, it is only around 10% of them intended to be entrepreneur. The questions that follow are: How many graduates choose entrepreneurship as their first choice career? Among those who choose entrepreneurship as their first choice career, how many of them actually become entrepreneur? What is the influence of entrepreneurial career choice on the actual labour market outcomes of being entrepreneur? How long does it take from entrepreneurial career choice to graduate entrepreneur? This paper attempts to answer these questions. The main objective of this paper is to study the entrepreneurial career choice and the employment outcomes of being entrepreneur among the graduates.

In literature, there are extensive studies in the determinants of graduate entrepreneurial career choice or labour market outcomes including being self-employed (entrepreneur). For instance, the determinants of entrepreneurial career choice has been classified into three types. First, personal characteristics such as male, older, immigrants, minority races, and married graduates with family support are more inclined to be entrepreneur. Second, working experiences such as graduates with more working experience are more inclined to be entrepreneur. Finally, education and training such as graduates who expose to more entrepreneurial education and training are more inclined to be entrepreneur (Ghazali, Ghosh and Tay, 1994). These findings are supported by the recent studies of graduate entrepreneur in various countries including Malaysia (see; Katono & Isabalija, 2010; Ooi & Shuhymee, 2012; Zuhairah Ariff, Herna & Zarinah, 2014).

On the other hand, the determinants of a graduate's labour market outcomes have been identified as socio-demographic variables such as gender, family background, English language proficiency, types of degree, and previous working experiences (Khattab, 2006; Morshidi et al., 2004b; Morshidi, Rosni, Lim & Mohamed Nasser, 2004a; Rosna et al., 2015). Specifically, Green and Saridakis (2007) found that in terms of personal characteristics, older and male graduates are more likely to be self-employed; in addition, parent who have entrepreneurial experience is also one of the significant determinants. From a different perspective, Hoe and Bhatti (2003) investigated the factors influencing university students being self-employed by participating in franchise business. They have identified six factors in their proposed conceptual framework: knowledge about franchise business, buying behaviour, financial availability, availability of reputed brand, classroom learning and work experiences.

In short, previous studies have clearly pointed out the potential determinants of a graduate's entrepreneurial career choice and labour market outcomes, however, the link from the entrepreneurial career choice to actual outcome to be entrepreneur in particular the impact of entrepreneurial career choice to actual outcome of being entrepreneur, is yet to be explored. This impact needs to be studied for a better understanding of graduate entrepreneurship and its related policy formulation.

2. Data and Methodology

The targeted population of this paper was Universiti Utara Malaysia (UUM) and Universiti Malaysia Kelantan (UMK) graduates in 2014. The self-administrated questionnaire was used as the data collection method. The graduates were approached while they were waiting for their graduation robe, at best efforts of the researchers and their assistants. The participation in this survey was voluntary. We successfully obtained 1,723 respondents (169 respondents from UMK and the remaining were from UUM). The information solicited were socio-demographic characteristics, entrepreneurial education, entrepreneurial experiences and background, and others. The present paper focuses its analysis on information which relates to the entrepreneurial career choice. Table 1 presents the sample characteristics.

Table 1 Sample Characteristics

		Freq.	Percent
Ethnicity	Malay	1220	70.89
	Chinese	385	22.37
	Others	116	6.74
Gender	Male	584	34.52
	Female	1108	65.48
Marital status	Married	126	7.32
	Not Married	1593	92.51
	Others	3	0.17
University	UUM	1553	90.19
	UMK	169	9.81
MUET (band)	1	151	8.95
	2	767	45.44
	3	633	37.50
	4	120	7.11
	5	14	0.83
		Mean	Std Dev
Academic performance	CGPA	3.27	0.29
Age	Years	24.41	2.05

Descriptive statistics and cross-tabulation tables (including chi-square test of independence) are used to evaluate the association between entrepreneurial career choice and actual outcome of being entrepreneur. In addition, a logit and tobit model is used to estimate the influence of entrepreneurial career choice to actual outcome of being entrepreneur.

3. Results and Analysis

Employment outcomes and entrepreneurship as first choice career

Table 2 presents the employment outcome of graduates and their entrepreneurial career choice. From Table 2, it is found that there is merely 1.77% of graduate entrepreneur (self-employed) even though there is substantial number of graduates who choose entrepreneurial as their first choice career (32.69%). The cross-tabulation of these two variables reveals that among graduates who choose entrepreneurship as their first choice career, 4.09% of them actually become graduate entrepreneur compared to merely 0.64% of those who do not choose entrepreneurship as their first choice career (see Table 3). From a different perspective, among the graduate entrepreneurs, majority of them choice entrepreneurship as their first choice career.

Table 2: Employment outcomes and entrepreneurial career choice

Employment outcomes	Freq	%
Unemployed	741	45.29
Economically inactive	107	6.54

Employed with graduate job	482	29.46
Employed with non-grad job	277	16.93
Self employed	29	1.77
Entrepreneurship as first choice career		
No	1159	67.31
Yes	563	32.69

Table 3: Cross-tabulation of employment outcomes and entrepreneurial career choice

Entrepreneurship as first choice career?		Employment outcomes					Total
		Unemployed	Economically inactive	Employed with graduate job	Employed with non-grad job	Self employed	
No	Freq	495	84	327	184	7	1097
	% (row)	45.12	7.66	29.81	16.77	0.64	
	% (column)	66.80	78.50	67.98	66.43	24.14	
Yes	Freq	246	23	154	93	22	538
	% (row)	45.72	4.28	28.62	17.29	4.09	
	% (column)	33.20	21.50	32.02	33.57	75.86	

Job search duration

The job search duration, which is measured as the number of days the graduates take to obtain their first job. From Table 4, among the employed graduates, majority of them take around two months to obtain their first job. In terms of employment status, graduate entrepreneur takes the shortest time, on average 44 days, compared to around 60 days of other employed graduates(see Table 5).

Table 4: Job search duration

Job search duration (days)	Freq	%
Less than 15	247	32.70
16-30	104	13.75
31-60	165	21.78
61-90	74	9.77
91-120	48	6.32
121-150	34	4.46
151-180	27	3.54
above 180	57	7.45

Table 5: Job search duration by employment status

Job search duration (days)	Mean	Std Dev.
Overall	58.26	73.84
Self-employed	44.20	50.86
Employed grad job	59.71	75.85

Employed non-grad job	59.25	74.11
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Further analysis

To gain further insight on how the entrepreneurial career choice influence the actual outcome to be entrepreneur, we cross tabulate the employment outcomes, job search duration and entrepreneurial career choice. Table 6 presents the results. It is clearly shown that entrepreneurial career choice has the shortest job search duration (37.65 days) compared to others. Graduates who choose entrepreneurship as their first choice career but do not become entrepreneur: on average, they take around 50 days to be employed with graduate jobs and around 57 days to be employed with non-graduate jobs.

Table 6: Employment outcomes, job search duration and first choice career

Employment outcomes	Job search duration (day)	Entrepreneur as first choice career	
		No	Yes
Self employed	Mean	81.33	37.65
	Std Dev.	100.72	38.72
Employed with grad job	Mean	64.23	50.06
	Std Dev.	83.04	56.68
Employed with non-grad job	Mean	60.54	56.66
	Std Dev.	77.96	66.11

We estimate a tobit model (job search duration) and logit model (probability being entrepreneur) to evaluate the influence of entrepreneurial choice career. From Table 7 (Tobit), it is found the entrepreneurial career choice has a negative and significant influence on the job search duration (i.e., shorten the job search duration). Quantitatively, compared to graduates who do not choose entrepreneurship as their first choice career, graduate who choose has a shorter job search duration of around 66 days. The other significant variable that reduces the job search duration is the father being entrepreneur. Similarly, the entrepreneurial career choice also influence the probability to be graduate entrepreneur significantly and positively. Graduates who are more likely to be entrepreneur are those who choose entrepreneurship as their first choice career, have prior entrepreneur experiences, graduated from UMK, male and married.

Table 7: The estimated tobitand logitmodel

Variables	Logit (entrepreneur)		Tobit (duration)	
	Coeff.	P-value	Coeff.	P-value
Entrepreneur as first choice	1.45	0.004***	-65.73	0.075*
Entrepreneurship degree	-0.58	0.415	-15.96	0.561
Attended Entrepreneurship training	-0.52	0.307	-19.70	0.298
Entrepreneur experience	1.02	0.075*	35.41	0.101
Father as entrepreneur	-0.17	0.713	-49.63	0.034
Mother as entrepreneur	0.65	0.211	-29.87	0.240
CGPA	-0.22	0.791	-99.39	0.038**
MUET	0.07	0.792	-23.54	0.167
UUM	-1.35	0.011**	35.29	0.266
Male	1.20	0.005***	2.84	0.846

Malay	1.13	0.167	-7.43	0.747
Married	1.29	0.042**	13.19	0.518
age	-0.18	0.379	-8.16	0.636
_cons	-0.88	0.876	686.06	0.097*
Pseudo R-squared		0.226		0.159
Overall fit test		0.000		0.010
Percentage correctly predicted		98.20%		-

Note: ***, **, and * represent significant at 1%, 5% and 10% level respectively.

4. Conclusion

This paper aims to study the entrepreneurial career choice and the actual labour market outcomes of being entrepreneur among the fresh graduates, in particular the influence of entrepreneurial career choice to the probability of being a graduate entrepreneur and job search duration. Results of descriptive statistics show that there is a substantial number of graduates choose entrepreneurship as their first choice career. However, a handful number of them become graduate entrepreneur. This finding highlights that we have a substantial number of graduates who intended to be entrepreneur, however, more efforts are needed to realize their intentions. Estimation results show that graduates who are more likely to be entrepreneur as those who choose entrepreneurship as their first choice career, have prior entrepreneur experiences, graduated from UMK, male and married. Graduates who choose entrepreneur as their first choice career are found to have the shortest job search duration, either become entrepreneurs or employees. It is also found that graduates whose father is entrepreneur, they will become entrepreneur at a shorter duration than others. Thus, in encouraging graduates to be entrepreneur, entrepreneurial career choice is complemented by the family background. It is recommended that government's policy to nurture graduate entrepreneur should focus on facilitating the transition from entrepreneurial career choice to become graduate entrepreneur. This facilitating mechanism complements the existing entrepreneur educations and programs that aim to increase the number of graduate entrepreneur in Malaysia.

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